COMMITTEE ON FINANCE

BILL NO. 34-0067

Thirty-Fourth Legislature of the Virgin Islands

May 28, 2021

An Act amending title 33, Subtitle I, Part 1, chapter 3 of the Virgin Islands Code to increase the Hotel room tax by 2.5% and remit 5% of all monies collected to the Virgin Islands Government Employees Retirement System and for other purposes

PROPOSED BY: Senator Dwayne M. DeGraff

WHEREAS, despite its slight decrease in the inception of the COVID-19 pandemic, the number of visitors to the Territory is steadily on the rise; and

WHEREAS, the tourism industry remains one of the most significant sources of revenue in the Territory; and

WHEREAS, the Third Circuit Court of Appeals in its ruling on the timeshare tax explained that it is not "inherently discriminatory" for the territory to shift its tax burden to non-resident consumers; and

WHEREAS, the Government Employees Retirement System (GERS) on the other hand is on the brink of insolvency and in need of financing; and

WHEREAS; the impact to our economy will be detrimental if GERS goes insolvent; Now, Therefore,

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 33, Subtitle 1, Part 1, chapter 3, section 54 of the Virgin Islands Code is amended as follows:

(1) In subsection (b) by striking "12.5" and inserting "15";

(2) In subsection (e) a new paragraph (E) is inserted to read as follows:

"(E) Not less than five percent of the monies collected under subsection (b) must be deposited into the GERS Intervention Fund on a quarterly basis.

SECTION 2. Title 33, subtitle 3 of the Virgin Islands Code is amended by adding an appropriately numbered section to read as follows:

§_____. GERS Intervention Fund

(a) There is established in the Treasury of the Virgin Islands a special fund to be designated the "GERS Intervention Fund". The Commissioner of Finance shall provide for the administration of this Fund as a separate and distinct fund in the Treasury, and no amounts therein shall be available for expenditures or disbursement except as provided in this section. This Fund shall consist of all sums appropriated thereto from time to time by the Legislature and five percent of all of the monies collected pursuant to Title 33, Subtitle 1, Part 1, chapter 3 section 54, subsection (b) of the Virgin Islands Code.

(b) Monies shall be disbursed from the Fund by the Commissioner of Finance, upon authorization of the Director of the Government Employees Retirement System, for the purpose of making retirement annuity payments.

(c) Notwithstanding title 2, chapter 2, section 26, subsection (c)(3) the monies collected under subsection (a) shall remain available until expended.

SECTION 3. Title 29, chapter 23, section 1312, subsection (g) of the Virgin Islands Code is amended by striking "7.5" and inserting "5"

BILL SUMMARY

This bill amends title 33, subtitle 1, part 1, chapter 3, section 54 of the Virgin Islands Code to provide an increase in the hotel occupancy tax to be covered over to the Government Employees Retirement System to be used for annuity payments.

Section 2 of the bill creates a fund titled "GERS Intervention Fund where the monies collected pursuant to the increase in the hotel occupancy tax will be deposited and used by the Director of the GERS.

Section 3 of the bill amends title 29, chapter 23, section 1312 of the Hotel Development Program which decreases the Economic Recovery Fee from 7.5% to 5%.

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